

Multi-Family Housing

Section 515

Rural Rental Housing Loans

PROGRAM DESCRIPTION: Direct subsidized loan program to develop economically designed and constructed rental or cooperative housing and related facilities. The housing projects are developed in rural areas to provide living units for households with very low, low, and moderate incomes.

TYPE OF ASSISTANCE: Low-interest funds may be used to purchase and improve the necessary land on which the housing will be located; construct new housing and other related facilities such as community rooms, recreation centers, manager's office, storage and maintenance shops, and laundry facilities. Eligible housing types include family, elderly, congregate, group homes, and cooperative. Rental assistance may also be available for eligible tenants.

ELIGIBILITY REQUIREMENTS: Applicants may be individuals, organizations, or tribes, who have the ability, experience, legal and financial capacity, and intention to maintain and operate the housing for the purpose for which the loan is made, and are unable to obtain the necessary credit from a conventional source at reasonable rates and terms.

FUND AVAILABILITY: The amount of funds available in Arizona will be published as an annual Notice of Funding Availability (NOFA) in the Federal Register. Applications will be accepted each year during the NOFA time period for proposed housing projects located in designated places.

INTEREST RATE: Loans will be closed at the current market rate with an Interest Credit Agreement executed, which reduces the effective rate to a minimum of 1 percent.

TERMS: The payment period will not exceed 30 years; but loan will be amortized for a period not to exceed 50 years. Loans may not be prepaid.

COLLATERAL: Each loan will be secured by a first mortgage on the property purchased or improved with the loan. A financing statement will be executed at loan closing pledging all revenue from the housing project.

FEES: None.

CREDIT REQUIREMENTS: For all applicants who will be receiving any benefits from Low-Income Housing Tax Credits (LIHTC), 5 percent of the total development cost will be required as an equity contribution. For all nonprofits, consumer cooperatives, or State or local public agencies, not receiving any benefits from LIHTC, no equity is required. For all other applicants not receiving benefits from LIHTC, a 3 percent equity contribution is required.

CONTACT: NOFA information, application packets, and a list of designated places (target communities) are available through the Multi-Family Housing division at the USDA Rural Development state office in Phoenix, AZ, 230 N. First Avenue, Suite 206, Phoenix, AZ 85003, 602-280-8765.